

## THE UNIVERSITY OF TENNESSEE



## Vice President for Administration and Finance

711 Andy Holt Tower  
Knoxville, TN 37996-0174  
(865) 974-2243  
FAX (865) 974-1324

January 18, 2005

Mr. Jim White  
Executive Director  
Fiscal Review Committee  
G-19 War Memorial Building  
Nashville, TN 37243-0057

Post-It® Fax Note	7671	Date	1/19/05	# of pages	19
To	Chris Eaton	From	Diane M. Neil		
Co./Dept.		Co.			
Phone #		Phone #	974-8036		
Fax #	615-253-0186	Fax #			

Dear Mr. White:

The University of Tennessee is submitting three non-competitively bid contracts exceeding \$250,000 for comment in accordance with Public Chapter 413, Public Acts of 2003:

**Health Science Center Contract with Semmes Murphy's Clinic**

The University of Tennessee and the State of Tennessee entered into a grant agreement for UT to provide medical and medically related services at the Arlington Development Center from July 1, 2004 through June 20, 3009. In order to fulfill the grant's requirements, the University is contracting for specialty services to provide on-site physician services at Arlington Development Centers for Development Disability Fragile Population. UT has had an affiliation agreement with Semmes Murphy for over 40 years. It is cost effective for the University to use its own physicians who are already affiliated with Semmes Murphy and can render these specialized services. Year-one of the contract (July 1, 2004 - June 30, 2005) is for \$73,344 with the five-year contract totaling \$405,120. We respectfully request the Committee's consideration for pre-approval for the remaining four years of this contract.

**UT College of Medicine - Chattanooga Unit and Internal Medicine Educational Foundation**

The University of Tennessee Health Science Center provides residency/supervision to the Chattanooga Hamilton County Hospital Authority, dba Erlanger Health System. The university subcontracts the supervision services to other agencies. The attached contract with the Internal Medical Education Foundation and UT provides teaching services for residents in the Department of Internal Medicine that is necessary to fulfill our supervisory responsibilities for the Erlanger Health System. The contract before you is a one-year contract totaling \$322,935.96 that has an effective date of July 1, 2004 through June 20, 2005.

Mr. Jim White  
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January 18, 2005

**University of Tennessee at Chattanooga and ION America Corporation**

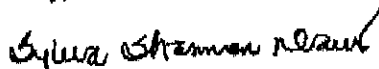
The Department of Energy (DOE) has awarded the City of Chattanooga's Enterprise Center, in collaboration with the UT Chattanooga School of Engineering and ION America, a grant to design, develop, manufacture, test, and deliver a 5kW grid parallel solid oxide fuel cell (SOFC) system. Such testing will provide an independent assessment of the unit's potential to achieve the cost and durability fuel goals of DOE. The cooperative agreement with DOE specifies the use of this particular fuel cell.

The Enterprise Center, which serves as the prime contractor for the DOE award, is providing funding through UT Chattanooga for this particular part of the project. UT will not be required to pay any share of the overall program cost. This flow-through contract totaling \$2,124,734 is for the period of November 1, 2004 through August 31, 2005.

I apologize in advance for submitting three contracts for your review after the beginning effective date. In all cases, delays were initially caused in finalizing contractual terms. The review process was further delayed by holidays and the request for additional supporting information. All parties involved with these contracts were notified of the need to process contracts timely. I plan to reinforce with the UT Chief Business Officers at their January 25 meeting of the need to continually remind departmental personnel of our expectations.

If you have questions or need additional information, please let me know.

Sincerely,



Sylvia Shannon Davis  
Vice President for Administration and Finance

c: Dr. John D. Petersen  
Dr. Fred Obear  
Mr. Bill Rice

THE UNIVERSITY OF TENNESSEE  
CONTRACT

This Contract, made and entered into on September 24, 2004, documents the agreement between The University of Tennessee (the "University") through its College of Medicine, Chattanooga Unit ("UTCOM-CU") and the Internal Medicine Educational Foundation, Inc. (hereinafter Contractor).

This Contract consists of this cover page, the University's Standard Terms and Conditions, and 2 additional pages. Terms contained on this cover page and the University's Standard Terms and Conditions shall prevail over those of any attachment unless otherwise stated under "Other terms" below.

Contractor will arrange through contracts with individual physicians or physician groups, who are privileged as internists, for: (1) teaching for the following services: allergy, consultative medicine, dermatology, geriatrics, neurology, private office, rheumatology, and attending teaching services for residents in the University Internal Medicine Residency Program; (2) "on-call" staffing for the team and night float housestaff at Chattanooga-Hamilton County Hospital Authority d/b/a Erlanger Medical Center ("Erlanger"); and (3) certain administrative services for and on behalf of the Department of Internal Medicine (the "Department")(collectively, the "Services"). As used herein, "teaching services" shall include, but not be limited to: the supervision and teaching of residents; serving as preceptors to train and supervise residents who are participating in the specialty clinic, if applicable; training and supervision of residents who are participating in Contractor's private practice, if applicable; participation in the didactic component of resident training, as applicable; participation in resident training rounds, as applicable to rotation; and providing consults for service patients. As used herein, administrative services shall mean those services in support of the Department as agreed to between the Contractor and UTCOM-CU, such as chief resident services.

The period of performance under this contract is from July 1, 2004 through June 30, 2005.

The University will compensate the Contractor: \$26,911.33 per month of Services furnished on behalf of Contractor. Contractor shall invoice University on a retrospective basis.


Other payment terms: None. Contractor may retain its collections in accordance with past practices and the policy of the Department.

The University's maximum liability under this Contract is \$322,935.96.

Other terms (N/A if none): (1) Each physician utilized by Contractor shall hold a faculty appointment with the UTCOM-CU; (2) Contractor shall complete and return to UTCOM-CU a monthly log of teaching services per physician on the form attached hereto as Exhibit A, as may be updated from time to time by University, except for teaching in outpatient clinics, which shall require a monthly log of teaching hours at the outpatient clinics; (3) Each party to this Contract represents and warrants that the compensation paid pursuant to this Agreement is and shall be based upon the fair market value of such services and has not been determined in a manner that takes into account or otherwise reflects referrals to, or other business generated by, Contractor or Contractor's physicians to either UTCOM or Erlanger; (4) Contractor hereby warrants that any physician receiving compensation for the performance of services pursuant to this agreement is, and shall continue to be, compensated based upon the fair market value of services rendered by that physician and not in a manner that takes into account or otherwise reflects referrals to, or other business generated by, such physician to either the University or Erlanger; and (5) Contractor shall, and shall require any subcontractor furnishing Services on behalf of Contractor to, perform such Services in accordance with the accreditation standards of the Accreditation Council for Graduate Medical Education.

In witness of their acceptance of the terms of this Contract, the parties have had this Contract executed by their duly authorized representatives.

## FOR CONTRACTOR:

  
(Signature)  
Clifton R. Cleaveland, M.D.

President, Int. Med. Fdn.

Address:

Internal Medicine Educational Foundation

975 East Third St. Box 94

Chattanooga, TN 37403

(423) 778-7817

Telephone No.

TIN-581314402

SS No. Or Fed Id. No.

## FOR UNIVERSITY:

Department Name

UT College of Medicine - Chattanooga Unit

Responsible Account:

E094505

Administrative Signatures

  
Raymond H. Colson, M.D., Assoc. Dean, Chatta. Unit

Chancellor, UT Health Science Center or Other Authorized  
Univ. Representative

Vice Chancellor / Administration

THE UNIVERSITY OF TENNESSEE  
JUSTIFICATION FOR NON-COMPETITIVE PURCHASES AND CONTRACTS

File Name: 09 Internal Med. Foundation 04-05 Clay  
(See instructions at the end of this document)

9/29/04  
Date

Requisition Number for Items Processed through Purchasing:

To comply with University Fiscal Policies 410 and 420 and Tennessee Public Chapter 413, Public Acts of 2003, this document must be completed for all non-competitive purchases for goods or services in excess of \$2,000 that are secured either through a purchasing requisition or through a contract in accordance with Fiscal Policy 420. This and any other documents for justification of non-competitive purchases must be approved in advance of securing the goods or services.

Non-competitive purchases over \$2,000 require the approval of the Department Head, Director of Purchasing, and the Chief Business Officer. The unit Vice President or Chancellor must approve non-competitive expenditures of \$50,000 and greater. Vice President Sylvia Davis' approval is required for non-competitive expenditures of \$100,000 or more. These approvals cannot be delegated. Additionally, all non-competitive service contracts exceeding \$250,000 must be routed to the Tennessee Legislative Fiscal Review Committee for comment. The Fiscal Review Committee has 15 days from the receipt of the contract information for comments; therefore, a minimum of 30 days will be required to process service contracts exceeding \$250,000.

Information Related to the Purchase of the Goods or Services

Type of Request:

Non-Competitive Contract



Requisition thru Purchasing



Prepared by:

Name:

Jane Clay

Contract Tracking Number

84332

**THE UNIVERSITY OF TENNESSEE**  
**JUSTIFICATION FOR NON-COMPETITIVE PURCHASES AND CONTRACTS**

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(See instructions at the end of this document)

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**Information Related to the Purchase of the Goods or Services**

**Type of Request:**

Non-Competitive Contract



Requisition thru Purchasing



**Prepared by:**

Name:

Jane Clay

Email address:

clayjh@erlanger.org

Phone No:

(423) 778-7840

**Cost Center or WBS Element:**

Name:

UTCOM-CU

Number:

E094505

**Proposed Contractor or Vendor:**

Name:

Internal Medicine Foundation

Address (Street):

975 East Third St. Box 94

Address (City, State, and Zip Code):

Chattanooga, TN 37403

**Maximum Cost:**

\$322,935.96

**Start Date:** 7/1/04

**Ending Date:** 6/30/05

**Justification for Non-Competitive Purchase or Contract  
\$250,000 and Greater**

All of the following items must be completed. An explanation and/or information must be provided for those items that cannot be answered with a Yes/No response. Explanations should contain sufficient information for those in the approval path to make an informed decision regarding the request to purchase goods or services on a non-competitive basis.

1. Describe the goods or service to be acquired.

Teaching services for residents in the Department of Internal Medicine. Services are provided by clinical faculty members of Internal Medicine.

2. Name of the Contractor or Vendor.

Internal Medicine Foundation

3. Explain why the goods or services should be acquired.

Services are a necessity in order to meet the Residency Review Committees educational requirements for residents in Internal Medicine

4. Explain why the goods or services must be provided by this particular source.

Teaching must be done by the clinical faculty of the Department of Internal Medicine.

5. Provide evidence that the proposed contractor has experience in providing the goods or services and the length of time the contractor has provided the goods or services.

The Internal Medicine Foundation was created for the sole purpose of enhancing residency education in the department of internal medicine.

6. Provide previous purchase history (last 12 months) for these products or services from this source and the procurement method (ex. Competitive, non-competitive, etc.) used to acquire them.

In the last twelve months teaching services were provided primarily by the Univeristy Hospitalists group through contract with UT COM CU. Many other clinical faculty taught but were uncompensated as a result of the legal difficulties of Erlanger Health System, the funding source fo for this contract.

7. Does proposed contractor or vendor have experience providing same or similar goods or services?

☒ Yes

☐ No

8. Has the department ever purchased these same goods or services from this vendor?

☐ Yes ☒ No

If yes, what procurement method was used? (ex. Competitive, non-competitive, etc.)

9. If for services, was an effort made to use existing University employees to perform services?

☐ Yes ☒ No

10. For contracts for services, provide a description of department's efforts to use existing employees and resources, or, in the alternative, to identify reasonable, competitive, procurement alternatives (rather than to use non-competitive negotiations).

The Department of Internal Medicine does not have sufficient full-time or part-time faculty to perform these services.

11. There is only one product or service that can meet the specific needs and is the product or service only available from one source.

☒ Yes ☐ No ☐ N/A

12. There is an urgent need or an emergency situation preventing competitive methods.

☐ Yes ☐ No ☐ N/A

If yes, please explain:

Teaching must be provided by faculty members in order to assure residency accreditation.

13. The purchase is compatible or consistency with past acquisitions of products or services. (e.g., avoiding additional cost by changing the supplier of the product or service).

☒ Yes ☐ No

14. The contract is for services for another governmental unit, such as a State or federal agency, or from another college or university.

☐ Yes ☒ No

15. A complete justification must be provided to explain why the University should acquire the goods or services through non-competitive procurement request rather than through a competitive process. (Note: Being the "only known" or "best" is not deemed adequate justification.)

The Internal Medicine Foundation will gain NO profit from this contract. The foundation was established to enhance residency education in the Department of Internal Medicine. There are not a sufficient number of paid faculty in the Department to provide adequate teaching and the residents must have exposure to all sub-specialties in order to have a well rounded educational experience. In order to obtain that it is necessary to pay clinical non-compensated by payroll - faculty to perform specific teaching services.